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January 4, 2002

HAND DELIVERED

Chairman William A. Mundell
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

JAN 04 2002

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Our File Number 38655-00008

**AZ CORP COMMISSION
DOCUMENT CONTROL**

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Re: Decision of the Arizona Power Plant and Transmission Line Siting
Committee and Certificate of Environmental Compatibility for Duke
Energy Arlington Valley LLC
Docket No: L 00000P-01-0117

Dear Chairman Mundell:

On November 15, 2001, the Arizona Power Plant and Transmission Line Siting Committee, through its Chairman, issued a Certificate of Environmental Compatibility for Duke Energy Arlington Valley LLC ("Duke") to expand its Arlington Valley Energy facility by adding a 600 megawatt natural gas fired generating plant, together with related infrastructure. That Certificate was subject to 19 conditions. Condition 16 requires Duke to pay up to \$11 million for certain upgrades to enhance the Arizona transmission system in the Palo Verde/Hassayampa area and to use commercially reasonable efforts to assure that such upgrades are completed. The Siting Committee's unanimous recommendation that a Certificate be issued to Duke has been placed on the Arizona Corporation Commission's open meeting agenda for January 8, 2002.

Subsequent to the issuance of the Certificate by the Siting Committee, Duke and the Commission staff were contacted by SRP about condition 16. Duke and the staff met with SRP and APS to discuss condition 16. As a result of those discussions, Duke, with the support of the Commission staff, recommends that the Commission consider amending condition 16 by adding the following sentence to the end of that condition to clarify the parties' intentions.

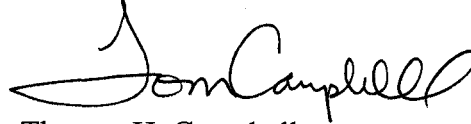
Nothing in this paragraph is intended to preempt any Federal Energy Regulatory Commission order or regulation concerning either interconnection or transmission service, nor grants Applicant any

priority in either interconnection or transmission service, nor
guarantees that Applicant will receive transmission service.

There are federal procedures for requesting transmission service. It was always the
intention of the parties that condition 16 would not preempt any such procedures. This
amendment reflects those intentions and is not based on any new information obtained
subsequent to the Siting Committee proceedings.

Very truly yours,

LEWIS AND ROCA LLP



Thomas H. Campbell

THC/bjg

cc: Commissioner J. Irvin
Commissioner M. Spitzer
Laurie Woodall, Esq.
Mr. Jerry Smith
Jason Gellman, Esq.
Rob Taylor, Esq.
Jeff Guldner, Esq.
Larry Robertson, Esq.
Docket Control (Original and 25 copies)